

WHAT IS SOCIAL CREDIT

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A SUMMARY FOR BUSY READERS

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What Is Social Credit?

“Social Credit” is not just “a scheme of monetary reform,” as some people seem to think. Social credit—“the credit of society”—is the motivating power which arises from the belief (credo) inherent in society that its individual members in association can obtain the results they want.

This credit in association (social credit) can be realized by the people of a community if they are organized to that end.

The only form of social organization that will enable this to be achieved is one in which the people are the supreme authority—i.e., are “sovereign.” The modern term applied to this type of society is “democracy.”

Democracy can be defined correctly as “government and management of a people’s affairs to give them the results they want”—i.e., to realize their credit in association (social credit).

The Social Credit proposals for a reform of (a) the political and (b) the financial systems, are designed to enable a smooth transition to be made from the present system of political frustration and financial domination to a properly functioning political and economic democracy.

1. **Political Democracy**—involves the absolute supremacy of the people over all political in-

stitutions—i.e., parliaments, legislatures, armed forces, etc. This can be achieved by making their **political voting power** effective. For this purpose the people must be organized as the sovereign authority with complete control over their representatives **all the time**.

2. **Economic Democracy**—involves the absolute supremacy of the people over their economic institutions—industrial, commercial, etc. This can be achieved by making their **economic voting power** (money) effective. To this end **the people must have sovereign control** over the operation of the monetary (i.e., economic voting) system. Instead of organizing a new monetary system, the technical faults in **the existing system** (which are the main cause of the evils of the present system—poverty amidst plenty, unemployment, debt, low wages, etc.) can be **corrected** by certain simple but far-reaching adjustments. These faults are:

- (a) The **control**, restriction and exploitation of the monetary system by a highly centralized private **monopoly**.
- (b) The arbitrary **limitation of money supply** (by restricting it to gold or security holdings), thereby limiting production and consumption.
- (c) The automatic operation of the system in **distributing an increasing shortage of purchasing power** in relation to the prices of the goods produced—e.g., prices of goods on the market = \$2,400 : : purchasing power == \$1,000.
- (d) The distribution of purchasing power only via wages, salaries and dividends, in the final analysis for work in producing goods and ser-

vices; whereas industry is progressively discarding manpower in favour of power-driven machine production. Thus as ability to produce increases, ability to purchase, i.e., to consume the production, decreases, resulting in poverty amidst plenty, etc. Moreover, the wages system, which forces men to work under conditions obnoxious to them at inadequate incomes as an alternative to destitution, renders the majority subservient to the will of a minority; it is a system of slavery.

The Social Credit proposals for a reform of the monetary system follow naturally from the foregoing:

- (1) The control over the financial system would be exercised by a national authority responsible to the people through a Parliament under their control.
- (2) Money supply would be limited only by the nation's ability to produce wanted goods and services.
- (3) The shortage of purchasing power would be made good by the issue of new money direct to consumers. Taking the foregoing illustrative figures: goods = \$2,400 : : purchasing power = \$1,000; \$1,400 new purchasing power would have to be distributed to make good the deficiency.

It should be noted that these figures are merely illustrative, and are used for the purpose of providing a simple explanation of a complex question.

This can be effected in the following manner:

- i. All prices to be reduced by, say, 25% to

consumers, the difference being made good to retail merchants on condition they observe a fair ratio of profit. This would absorb \$600.

- ii. Taxation to be drastically reduced and progressively abolished. Suppose this absorbs another \$300.

(A balance of \$500 remains to be distributed.)

- (4) As power-driven machinery replaces man-power in the field of production, the increased economic security for all thereby made possible to be distributed as a national or social dividend payable to every citizen in addition to and irrespective of any earned income. In the first instance this should be sufficient to provide basic economic security. (The remaining \$500 referred to above could be distributed in this manner.)

In this way a constant balance would be maintained between the total prices of goods on the market, and the total purchasing power available to buy those goods—without danger of either inflation or deflation.

Though simple, the foregoing mechanism would have far-reaching effects. A person with a dividend having complete economic security has freedom in a real sense. He can decide for whom he works, under what conditions he will work, at what he will work—and no man can control his life by threatening to render him destitute.

* * *

The transition from the present system to a fully functioning Social Credit order—i.e., democ-

racy—can be smooth and rapid. **No individual will suffer.** There will be more for everyone. But there will be no wide gulf between "the haves" and "have nots."

Everybody will be secure and will enjoy increasing personal freedom as social dividends increase in relation to earned incomes.

Leisure will be widely distributed and opportunities for cultural development will automatically expand.

The power of money over human life will disappear and the administrative positions will automatically become filled by men and women commanding the affection and respect of their fellows. In short, an effective economic democracy will be established.

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